

**AGENDA ITEM:** Access Services: Multitype Pilot Loan Programs

**ISSUE TO COME BEFORE THE BOARD AT THIS MEETING:** Consider revising the prorating of reimbursement for the LoC Interlibrary Loan Pilot Program.

**RECOMMENDED MOTION TO COME BEFORE THE BOARD:** I moved that the Library of California Board directs its Chief Executive Officer to increase the withholding amount from 30% to 50% for all loan compensations with Library of California funds for the third and fourth quarters of the 2001/02 fiscal year and that, after determining the full state cost of the ILL pilot program for the 2001/02 fiscal year, the Chief Executive Officer shall pay the full amount remaining due to each participating library if sufficient funds remain in the 2001/02 program budget, or prorate the final payment equitably if insufficient funds remain in the 2001/02 ILL pilot program budget; and that all program participants are informed of this percentage change.

**BACKGROUND:**

The cost for the loan compensation program is determined by the actual handling costs as determined by CLSA law and the actual number of times the service is utilized by Library of California members. While the former is, to a certain extent, controllable by individual participating libraries, the statewide average cannot be easily controlled or predicted. The usage of the service can only be controlled by inequitable means; that is, by denying services to individuals after a calculated maximum number of transactions have occurred.

In August 2001 the Library of California Board considered alternatives for funding the ILL pilot program. The Board decided to prorate reimbursements 30% throughout the course of the fiscal year, paying the remainder due, or a prorated portion of the remainder due, after the close of the fiscal year.

**Pro Rata Projection:** The chart below displays the cost of a non-prorated reimbursement of the actual activity in the ILL pilot program thus far, the amount actually paid to libraries, and the amount withheld.

<i>Status of Payments as of 2/1/02</i>			
	<i>Cost of Non-prorated Reimbursements<sup>1</sup></i>	<i>Paid to Libraries<sup>2</sup></i>	<i>Amount Withheld</i>
Nonpublic libraries	331,276	231,893	99,383
Public libraries <sup>3</sup>	2,516	1,760	756
Total	333,792	233,653	100,139
<sup>1</sup> At rates approved by the Board and State Department of Finance. <sup>2</sup> 30% withheld per August 2001 action of LoC Board. <sup>3</sup> Loans to nonpublic LoC members not eligible under CLSA.			

Based on revised projections of transactions for the 2001/02 fiscal year and the reimbursement rates, as adopted by the Board and approved by the State Department of Finance, the non-prorated cost of the LoC Interlibrary Loan compensation program is estimated to be \$753,942.

The 2001/02 LoC budget for the ILL pilot program is \$462,000, which is \$291,942 short of the current projected total cost. If the projection is reflected in actual transactions the pro rata payment will be insufficient to reimburse all participants at 70% as adopted by the Board at its August 2001 meeting. It is therefore recommended that the Board direct its Chief Executive Officer to withhold an additional 20%, for a total of 50% from each reimbursement payment throughout the remainder of the 2001/02 fiscal year.

## **GENERAL OVERALL PROGRAM UPDATES:**

### **Interlibrary Loan Pilot Program:**

Exhibit A contains second quarter transactions (October-December 2001) for the interlibrary loan pilot program and a summary of the first and second quarter 2001/02 statistics.

As libraries have applied to their regional networks for Library of California membership, they have been required to indicate which resource sharing access service they will provide to other members. 335 libraries have indicated that they would participate in interlibrary loan. In November 2001 staff reported to the Board that as of October 12, 2001, 97 libraries, or 28% of the 335 libraries were participating in the interlibrary loan pilot program. Staff also reported that a letter explaining the pilot program had been sent to the remaining libraries not participating. As of December 2001 participation has increased to 136 member libraries, or 40%, participating in the pilot program.

## **Handling/Delivery Cost Study**

A Request for Proposal (RFP) has been issued for the study of interlibrary loan handling and delivery costs and direct loan handling costs for academic, public, school, and special libraries in California. The study will be funded through an LSTA grant. The entire process, from design through formula calculation, including Board policy decisions, is expected to take approximately 17 months. The following is a brief outline of the four phases of the study:

### **STUDY TO DETERMINE INTERLIBRARY LOAN HANDLING AND DELIVERY COSTS AND DIRECT LOAN HANDLING COSTS**

#### **PHASE I: DESIGN April/May – September 2002**

Deliverable: Data collection methodology

- Work plan – tasks, when done, who does it
- Questions to be addressed in collecting data
- Calendar
- Proposed outline of final report
- Documentation of efforts to date, with expectation of taking work to date into account
- Bibliography (5 years back) and archive
- Proposed data collection instrument(s), with results of preliminary testing

#### **PHASE II: IMPLEMENTATION OF COST STUDY October 2002 – February 2003**

Deliverable: Report of results of cost study

- Draft report
- Final report

#### **PHASE III: DEVELOP LOAN COMPENSATION POLICY March – August 2003**

Deliverable: Policy options for staff and Board to consider

- Negotiation with staff regarding range of options
- First draft report of options
- Invite comments from field
- Feedback and follow-up debriefing
- Second draft report, including field reaction
- Final report
- Report to Board (August 2003)

PHASE IV: CALCULATION OF COMPENSATION FORMULA September 2003

Deliverable: Formula to be included in subsequent rule-making

**RELATED ISSUE TO COME BEFORE THE BOARD IN THE FUTURE:** What funding formulas are appropriate for the loan components of Library of California access services?

Relevant Committee: Access Services

Staff Liaison: Tom Andersen

*TA: 2598v1*